

**ALASKA STATE LEGISLATURE
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 17, 2021

5:47 p.m.

DRAFT

MEMBERS PRESENT

Representative Zack Fields, Co-Chair
Representative Ivy Spohnholz, Co-Chair
Representative Calvin Schrage
Representative Liz Snyder (via teleconference)
Representative David Nelson
Representative James Kaufman
Representative Ken McCarty (via teleconference)

MEMBERS ABSENT

All members present

COMMITTEE CALENDAR

HOUSE BILL NO. 100

"An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

- MOVED HB 100 OUT OF COMMITTEE

HOUSE BILL NO. 121

"An Act relating to education tax credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

- HEARD & HELD

HOUSE BILL NO. 45

"An Act relating to presumption of compensability for workers' compensation claims related to contagious diseases; and providing for an effective date."

- MOVED CSHB 45(L&C) OUT OF COMMITTEE

PREVIOUS COMMITTEE ACTION

BILL: HB 100

SHORT TITLE: EXTEND WORKFORCE INVEST BOARD ALLOCATIONS
SPONSOR(s): REPRESENTATIVE(s) WOOL

02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
03/15/21	(H)	L&C AT 6:30 PM BARNES 124
03/15/21	(H)	Heard & Held
03/15/21	(H)	MINUTE(L&C)
03/17/21	(H)	L&C AT 5:45 PM BARNES 124

BILL: HB 121

SHORT TITLE: EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST
SPONSOR(s): REPRESENTATIVE(s) FIELDS

03/03/21	(H)	READ THE FIRST TIME - REFERRALS
03/03/21	(H)	L&C, FIN
03/17/21	(H)	L&C AT 5:45 PM BARNES 124

BILL: HB 45

SHORT TITLE: WORKERS' COMP. AND CONTAGIOUS DISEASES
SPONSOR(s): REPRESENTATIVE(s) JOSEPHSON

02/18/21	(H)	PREFILE RELEASED 1/8/21
02/18/21	(H)	READ THE FIRST TIME - REFERRALS
02/18/21	(H)	L&C, FIN
03/05/21	(H)	L&C AT 3:15 PM BARNES 124
03/05/21	(H)	Heard & Held
03/05/21	(H)	MINUTE(L&C)
03/15/21	(H)	L&C AT 6:30 PM BARNES 124
03/15/21	(H)	Heard & Held
03/15/21	(H)	MINUTE(L&C)
03/17/21	(H)	L&C AT 5:45 PM BARNES 124

WITNESS REGISTER

BRYAN CRISP, Fire Chief
Nikiski Fire Department
Nikiski, Alaska

POSITION STATEMENT: Testified in support of HB 100.

JAY STINSON, President
The Alaska Research Consortium
Kodiak, Alaska

POSITION STATEMENT: Testified in support of HB 100.

CHRIS GUNDERSON, CEO
Denali Family Services

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 100.

KATHERINE MITCHELL, Member

Homer Marine Trades Association

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 100.

LUCINDA MARTIN, Member

Homer Marines Trade Association

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 100.

JEFF JESSEE, Dean

College of Health

University of Alaska

Anchorage, Alaska

POSITION STATEMENT: Testified in support of HB 100.

DOUG WALRATH, Director

Northwestern Alaska Career and Technical Center (NACTC)

Nome, Alaska

POSITION STATEMENT: Testified in support of HB 100.

MARK ZEISET, Member

Homer Marines Trade Association

Homer, Alaska

POSITION STATEMENT: Testified in support of HB 100.

TOM BRICE

University of Alaska Fairbanks (UAF) Alumni Association

Juneau, Alaska

POSITION STATEMENT: Testified in support of HB 100.

ASHLEY CARRICK, Staff

Representative Adam Wool

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 100 on behalf of Representative Wool, prime sponsor.

REPRESENTATIVE ADAM WOOL

Alaska State Legislature

Juneau, Alaska

POSITION STATEMENT: As prime sponsor, answered questions during the hearing on HB 100.

GREG CASHEN, Assistant Director
Alaska Workforce Investment Board
Department of Labor & Workforce Development (DLWD)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 100.

STEPHANIE BERGLUND, CEO
Thread Alaska
Anchorage, Alaska

POSITION STATEMENT: During the hearing on HB 121, offered a PowerPoint presentation about Thread Alaska.

LORI WING-HEIER, Director
Division of Insurance
Department of Commerce, Community & Economic Development (DCCED)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 121.

NICOLE REYNOLDS, Deputy Director
Tax Division
Department of Revenue (DOR)
Anchorage, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 121.

TRISTAN WALSH, Staff
Representative Zack Fields
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 121 on behalf of Representative Fields, prime sponsor.

EMILY NAUMAN, Legislative Legal Counsel
Legislative Legal and Research Services
Legislative Affairs Agency (LAA)
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 121.

ELISE SORUM-BIRK, Staff
Representative Andy Josephson
Alaska State Legislature
Juneau, Alaska

POSITION STATEMENT: Answered questions during the hearing on HB 45 on behalf of Representative Josephson, prime sponsor.

ACTION NARRATIVE

[5:47:29 PM](#)

CO-CHAIR FIELDS called the House Labor and Commerce Standing Committee meeting to order at 5:47 p.m. Representatives Fields, Spohnholz, Nelson, McCarty (via teleconference), and Snyder (via teleconference) were present at the call to order. Representatives Kaufman and Schrage arrived as the meeting was in progress.

^#hb100

HB 100-EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

[5:47:58 PM](#)

CO-CHAIR FIELDS announced that the first order of business would be HOUSE BILL NO. 100, "An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[5:48:12 PM](#)

CO-CHAIR FIELDS opened public testimony on HB 100.

[5:48:23 PM](#)

BRYAN CRISP, Fire Chief, Nikiski Fire Department, shared that he supports the reauthorization of Technical Vocation Education Program (TVEP) funding. The Kenai Peninsula College benefits from that funding, particularly its paramedic program, he explained. The Nikiski Fire Department currently employs 21 people who were educated through this paramedic program. Without this program, he continued, it would be very difficult to find qualified employees in the area for the fire department. He emphasized the importance of recruiting paramedics within Alaska, which would require that the state provide accessible and adequate education and training to interested individuals.

[5:50:21 PM](#)

JAY STINSON, President, Alaska Research Consortium, explained that the Alaska Research Consortium (ARC) is a nonprofit that advocates for sustainable fisheries, marine science, and Alaska's "blue economy." He noted that the seafood industry is Alaska's largest private employer, with over 60,000 employees.

Seafood is Alaska's number one manufacturing employer, he continued, and contributes more than \$162 million in taxes. He said that ARC recently completed an 18-month study on the workforce training needs of the Alaska seafood processing industry, surveying over 46 seafood plant managers and 3 catcher processor companies and encompassing 24 companies based in 25 communities and representing over 15,000 workers. He shared that 88 percent of the survey participants responded that additional training for seafood workers would be helpful for business. Regarding HB 100 specifically, he noted that annually, seafood workers contribute about \$600,000 to the state's TVEP fund but shared his understanding that very little of these funds are used to benefit seafood workers. He stated that ARC supports the reauthorization of TVEP funding but emphasized that ARC would like the funds to be balanced in a way that supports the seafood industry.

[5:54:54 PM](#)

CHRIS GUNDERSON, CEO, Denali Family Services, stated his support of HB 100 and the reauthorization of TVEP funding. He shared that Denali Family Services (DFS) benefits from this funding through a partnership with the University of Alaska Anchorage (UAA). Specifically, he added, this funding supports the recreational therapist position shared jointly through UAA and DFS. He said that this position provides guidance and support to the Trailblazers program under DFS, which is a wilderness therapy program for individuals aged 13 to 21 who experience psychiatric disability. He explained that it provides human support through connection with the Alaska wilderness, as well as teaching practical outdoor skills and wilderness survival skills. He highlighted that youth in this program have experienced improved physical fitness, decreased psychiatric disturbance, and increased self-confidence. He concluded by asking the committee to support HB 100 to enable the continued partnership of UAA and DFS and the work to support Alaska's youth.

[5:57:06 PM](#)

CO-CHAIR SPOHNHOLZ asked Mr. Gunderson to describe how the partnership works between DFS and UAA.

MR. GUNDERSON responded that the [recreational therapist] position is partially based on loan on a non-pay basis at DFS, and the individual provides guidance and technical support. He emphasized that all of the TVEP funds are distributed to UAA to

support the position, and as part of the duties of the position, the employee is outposted to DFS to support the Trailblazers program.

CO-CHAIR SPOHNHOLZ thanked Mr. Gunderson for the work DFS is doing to help youth in Alaska.

5:58:14 PM

KATHERINE MITCHELL, Member, Homer Marine Trades Association, shared that she is speaking in favor of the marine training coordinator position at Kenai Peninsula College (KPC) in Homer. She said that KPC has been lucky to have a marine coordinator and that it has made a huge difference. She explained that KPC has been able to teach specialized classes in the marine trades and that there have been over 30 young people who have gotten jobs due to this education. She concluded that she supports HB 100 and supports the continuation of the marine training classes in Alaska.

6:00:09 PM

LUCINDA MARTIN, Member, Homer Marines Trade Association, stated that the Homer Marines Trade Association supports HB 100. She emphasized that the association supports the reauthorization of TVEP funds primarily for UAA and the support of the continuation of the workforce development coordinator at KPC. She highlighted that the coordinator has made a significant impact by increasing job readiness levels for students of the marine trades at the college. She illustrated this by sharing that over the last 18 months, 30 to 40 students have earned certifications in the marine trades, which equates to employability and increased wages. She said that the need for employees in the marine trades industry is significant, particularly as seasoned workers begin to retire. She explained that it is important to educate workers of all ages in order to find quality employment for these workers as soon as possible. She concluded that this education makes a significant impact on the Homer community and the fishing industry statewide, and stated that she hopes the committee will support the reauthorization of TVEP funds.

6:02:35 PM

JEFF JESSEE, Dean, College of Health, University of Alaska, noted that he also serves as Vice Provost for Health Programs at UAA. He shared that Alaska has a "tremendous" health workforce

shortage and that many customers have to hire travelers to fill important health care positions. He emphasized that TVEP is a critical component in funding university health care programs, and that the funds help support UAA's nursing expansion, physical therapy, and dietetics and nutrition, as well as help purchase important materials such as mannequins for simulations. He pointed to the significant education budget reductions as a reason why TVEP funding is even more critical for UAA. He concluded by urging the committee's support of HB 100.

[6:04:06 PM](#)

CO-CHAIR FIELDS asked what the average wait time is for admitted students into the nursing program.

MR. JESSEE responded that it can be up to a couple of years. The students are ranked based off of grade point averages (GPAs) and test scores, so some students get in right away and others may have to wait some time.

CO-CHAIR FIELDS asked how many students have been admitted to the program but couldn't attend due to limited capacity.

MR. JESSEE responded that the program has approximately two to three times the applicants that the program has the capacity for.

CO-CHAIR FIELDS asked if the capacity increased and all applicants were able to attend, to what extent that would limit the need to hire travelers to come to Alaska and fill healthcare positions.

MR. JESSEE responded that Alaska would be pretty close [to not needing travelers].

[6:05:12 PM](#)

REPRESENTATIVE KAUFMAN asked what the graduation rate is for students in the program.

MR. JESSEE replied that the program graduates 90 percent of students and that student success is a high priority.

[6:05:39 PM](#)

REPRESENTATIVE NELSON asked if the 90 percent graduation rate is due to the fact that students with higher GPAs are admitted into the program quickly and do not have to wait as long to join.

MR. JESSEE responded that the program admits highly qualified students, but also UAA employs highly skilled faculty and has advanced facilities, such as the simulation center which allows student nurses to practice procedures in a safe environment. He stated that there is a systemwide commitment to student success.

6:06:44 PM

REPRESENTATIVE KAUFMAN asked what the average age is of the typical applicant to the program.

MR. JESSEE responded that he would have to check, but guessed that it is in the mid-20s.

6:07:04 PM

REPRESENTATIVE MCCARTY asked about Mr. Jessee's understanding of the challenges for nurses who are entering the workforce.

MR. JESSEE responded that student nurses have to pass the National Council Licensure Examination (NCLEX) upon graduation. He shared that a high percentage of graduates do pass that exam, and many student nurses already have job offers before graduation because they have done clinicals in health care facilities and have made connections. He emphasized that even if a student doesn't pass the first time, that student will pass eventually and will definitely become employed.

REPRESENTATIVE MCCARTY asked for clarification that Mr. Jessee is saying that a high percentage of students pass the NCLEX the first time and enter into the workforce.

MR. JESSEE responded yes, consistently over 85 percent of students pass on their first attempt. However, COVID-19 has had an impact on that success rate because it has been difficult to provide health programs during the pandemic, he explained.

6:08:41 PM

CO-CHAIR SPOHNHOLZ opined that the nursing training program is a great example of a public/private partnership where the training is done in partnership with health care organizations across the state. She asked if Mr. Jessee could share with the committee

how many education sites across the state provide nursing education.

MR. JESSEE responded that UAA has 14 outreach sites throughout Alaska. Additionally, there is a "pop-up" program in Petersburg, Alaska, and while there is not a campus there, the hospital sponsors students and provides the facilities for instructors to teach local students through the nursing program. He explained that many of the major hospitals also provide substantial financial support to the program, and these contributions are dependent upon how many graduates the program produces.

[6:10:34 PM](#)

DOUG WALRATH, Director, Northwestern Alaska Career and Technical Center (NACTC), shared that NACTC focuses training on Alaska's priority industries, the main five being health care, construction, transportation, hospitality/tourism, and seafood harvesting and processing. He shared that Norton Sound Health Corporation (NSHC) is the largest regional employer and health care is a significant priority for NACTC. He continued that NSHC partners with NACTC to provide dual-credit high school courses, such as introduction to health careers and emergency trauma training. He shared that TVEP funding supports health care education with advanced technical training for high school students, which transitions these students immediately into employment as certified nurse aides, village health aides, and in the future, personal care attendants. He added that TVEP funding would also support a large project near Nome at Graphite Creek, which has been designated a high priority infrastructure project by the federal government. The creek is the largest known graphite deposit in the United States, he explained, and would have application for electric vehicles and lithium-ion batteries of all types. He reiterated that TVEP funding would support the training required for this project. In addition, the driver education training in Nome would be supported by TVEP funding. He shared that the Division of Motor Vehicles (DMV) office in Nome shut down a few years ago, and so NACTC applied to become a third-party DMV affiliated driving school so that it can educate and train commercial drivers. He restated NACTC's support of HB 100.

[6:13:12 PM](#)

MARK ZEISET, Member, Homer Marines Trade Association, stated that he supports HB 100 and shared that the Homer Marines Trade

Association has seen high school students in Homer attend the marine technology classes and, in some cases, these students have been able to enter directly into the workforce. He shared that there are other cases where students who are already employed are able to get promoted due to the education received from the classes.

6:14:29 PM

TOM BRICE, University of Alaska Fairbanks (UAF) Alumni Association, recalled that the UAF Alumni Association met with members of the committee in February 2021 and wanted to follow up on that meeting. On behalf of the UAF Alumni Association's Legislative Advocacy Committee, he expressed his support of HB 100. The proposed bill would continue the Technical Vocation Education program for another three years, which he opined is a program that greatly benefits Alaskans since its inception in 2000. Due to the university's crucial role in training Alaska's workforce, he continued, it has received a large portion of TVEP funds in the past and this helps the university system support a number of important industries in the state, like maritime and health care. He stated that the reauthorization of TVEP funds would allow the universities across Alaska to continue to educate Alaska's workforce and keep Alaskans employed.

6:16:51 PM

CO-CHAIR FIELDS, after ascertaining that there was no one else who wished to testify, closed public testimony on HB 100.

6:17:19 PM

REPRESENTATIVE MCCARTY said he believes in the TVEP program. He asked about the efficacy of the allocations of the funds and if a different allocation or a different duration of the program should be considered. He shared his understanding of an example in Delta Junction, Alaska, where the average participant seemed to receive \$80,000, but stated that it appears that the number should be \$8,000 annually.

6:18:56 PM

ASHLEY CARRICK, Staff, Representative Adam Wool, Alaska State Legislature, on behalf of Representative Wool, prime sponsor of HB 100, noted that the figure that Representative McCarty referenced on the TVEP Annual Report [included in the committee packet] for Partners for Progress in Delta Junction referred to

participants having a median income earning of \$80,000 after 1 to 12 months of employment. She stated that that figure does seem anomalous and that she did follow up with the Department of Labor and Workforce Development (DLWD) to ask about that number. She shared that DLWD initially also thought that it might be a typo, but after extensive investigation by the department's Research Analysis Division and by the individuals who compiled the TVEP report, it was determined that the number was not inaccurate. She said that it is important to note that many students entering this program already have extensive technical training. She explained that it is difficult to compare TVEP recipients on any metrics because TVEP funds are distributed differently depending on the recipient, and some receive a disproportionate amount compared to others. The funds are distributed to these recipients, but do not necessarily represent all of the funding given to TVEP recipients. She added that it is also worth noting that the TVEP report states that the average median income for Ilisagvik College graduates is \$49,000 annually, and this is reflective of being in a rural community with a high average wage. She reiterated that this is not necessarily a useful metric by which to compare recipients.

[6:21:33 PM](#)

CO-CHAIR SPOHNHOLZ noted that the TVEP Annual Report shows that the Amundsen Educational Center had an average cost per pupil of almost \$12,000. She asked if someone could describe why the cost is so high.

[6:22:06 PM](#)

REPRESENTATIVE ADAM WOOL, Alaska State Legislature, as prime sponsor of HB 100, addressed the question from Co-Chair Spohnholz and responded that he can look at the amount of money that the program received and how many graduates there were and "do the division," which he stated he imagines is what Co-Chair Spohnholz did to get the cost per pupil. He said that 11 students served at \$249,000 at the Amundsen Educational Center. He explained that he hasn't talked to anyone at the center, but thinks that it is similar to the situation in Delta Junction. He added that the Delta Junction Partners for Progress had a low sample number of students to determine the numbers seen in the report, and reiterated that many of these students already have extensive technical training, which can warp the median annual earning figure as these individuals are at a higher earning level when they enter the program.

CO-CHAIR SPOHNHOLZ asked if anyone from DLWD would be able to answer her question. She shared the math that she did on each of the programs and noted that the Amundsen Educational Center is an outlier.

6:24:17 PM

GREG CASHEN, Assistant Director, Grants, Alaska Workforce Investment Board, Office of the Commissioner, Department of Labor & Workforce Development, provided clarification that [the department's Research & Analysis staff] compiled data that is provided by each of the regional training centers to arrive at the numbers presented on the TVEP report. He explained that Amundsen is a small training center, and instructors cost the same if they are teaching a small number of students as they would if these instructors were teaching a large number of students. He said that the department could investigate it to see if there is any more important information to glean, and he could share that information with the committee. He reiterated that the training center is very small, and said that he thinks the center primarily teaches office technology, and that the type of training that the center provides should be viewable in the report.

6:25:40 PM

CO-CHAIR SPOHNHOLZ opined that it's important for TVEP to get reauthorized for a longer period of time for the purpose of fiscal stability and certainty for organizations. She shared her understanding that it's important to look at the return on investment of TVEP funds in various communities, and noted that she feels very strongly that the committee [should not] suggest that rural communities are the same as urban communities. There are higher costs in rural communities and there are good reasons for that, she opined, and she thinks that the rural way of life in these communities should be preserved. She expressed her concern that some of these rural programs have a cost that is "six times higher" than other programs, when many of these less expensive programs are also effective at delivering training throughout the state. She said that UAA promotes workforce development programs successfully across the state and has seen its percentage of TVEP funds decline in a way that she thinks undermines the state's ability to train and develop workers. She concluded that she supports HB 100, but said that the Amundsen Education Center deserves more investigation.

6:27:09 PM

REPRESENTATIVE MCCARTY stated that he concurs with Co-Chair Spohnholz. He said that he understands that there are a lot of variables to consider, but doesn't think that the variables are matching well, and that there is more information needed to understand those variables. He restated that he supports the TVEP program, but said that he suggests that the committee reduce the duration of the reauthorization of the funds from three years to one or two years.

[6:28:06 PM](#)

REPRESENTATIVE KAUFMAN questioned if the committee would like to pass HB 100 with the proposed time period that would reauthorize the TVEP funds until 2024. He considered that there may be other opportunities, some of which are fleeting, to address certain needs that would not be able to be addressed should the reauthorization be "locked in" for that duration. He echoed Representative McCarty's thoughts and suggested that the committee consider a shorter reauthorization duration in order to be able to respond more quickly and to further investigate the committee's questions.

[6:28:56 PM](#)

CO-CHAIR FIELDS commented that he will not support a shorter reauthorization. He offered the example of NACTC in Nome, which cannot hire and retain high quality staff if there is only a one-year authorization and replacement revenue is not available. He shared his understanding that when considering Alaska's rural facilities, that kind of uncertainty would devastate the program.

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[6:29:35 PM](#)

The committee took an at-ease from 6:29 p.m. to 6:32 p.m. [During the at-ease, Co-Chair Fields passed the gavel to Co-Chair Spohnholz.]

^#hb121

HB 121-EDUC.TAX CREDIT: EMPLOYER CHILD CARE COST

[6:32:27 PM](#)

CO-CHAIR SPOHNHOLZ announced that the next order of business would be HOUSE BILL NO. 121, "An Act relating to education tax

credits for certain payments and contributions for child care and child care facilities; and providing for an effective date."

6:32:54 PM

CO-CHAIR FIELDS, as prime sponsor, introduced HB 121. He stated that the intent of the proposed bill is to offer a corporate tax credit to employers who offer child care on premises or through a stipend to employees. He shared that he had heard good things about oil company BP offering child care on site, which brought about the idea for the proposed bill. He noted that when Alaska State Representatives Sara Rasmussen and Chris Tuck chaired the Children's Caucus during the Thirty-First Alaska State Legislature in 2020, there were a variety of discussions about what could be done to improve child care and improve retention of skilled workers in Alaska, and the idea for HB 121 came out of those discussions.

CO-CHAIR FIELDS offered a PowerPoint presentation entitled, "House Bill 121," and began on slide 2. He explained that many companies might be eligible for this tax credit from a wide range of industries. He moved to slide 3, which highlights the issues HB 121 seeks to address and read as follows [original punctuation provided]:

- Recognizes the urgent need for better access to child care in the State of Alaska.
- Covid-19 pandemic laid bare the lack of access for child care for many, and the impacts on working families.
- HB 121 works to build off of the existing education tax credit to help foster child care facilities and incentivize access to child care.
- Would allow employers to deduct credits against existing Alaska taxes, including for their own child care facility or a stipend to send employee's child to existing child care center.

CO-CHAIR FIELDS noted that as a country, "we have moved backward" in terms of women participating in the workforce, driven in part by the COVID-19 pandemic. Parents have had to make difficult decisions, he continued, in order to find a solution for child care during the pandemic. He shared that there was a time during the pandemic where all of the lost jobs in the United States were "women's jobs," which he said was due to the tough decisions that parents had to make regarding child care.

6:35:07 PM

CO-CHAIR FIELDS proceeded to slide 4, "Women suffer disproportionate impacts from lack of child care access, con't," which depicted a graph of employment fluctuations in "non-teleworkable" occupations during 2020. He stated that there have been significant negative impacts for women with young children in terms of workforce participation during the pandemic, and there has not yet been a recovery from that. He said that child care is key for women with children to have the option to stay in the workforce.

CO-CHAIR FIELDS shared some statistics on net migration, stating that although many young adults move to Alaska, many of these individuals leave the state once they have children. Expanding the availability of high quality child care would allow Alaska to retain workers, he continued, and added that it is dangerous for Alaska to have young families leaving the state. He said that there are a lot of variables involved in this choice, but child care is a deciding factor in young families' choice to leave Alaska. By strengthening child care, he said, Alaska's economy is strengthened as well.

CO-CHAIR FIELDS proceeded to slide 5, "Child care in Alaska," and shared that the child care problems experienced nationally are particularly acute in Alaska. He opined that anyone who has tried to find a daycare or hire a nanny knows how hard it is to find affordable, high quality child care. He said that the supply for child care in Alaska is not close to matching the demand that Alaska needs to retain productive, high-earning families.

6:37:23 PM

CO-CHAIR FIELDS advanced to slide 6, "Access to child care in Alaska," which depicted some statistics from Thread Alaska regarding child care. He moved to slide 7, "Access to child care in Alaska: con't," and explained that the need for child care in urban areas is acute and that the need in rural areas is even more acute.

CO-CHAIR FIELDS proceeded to slide 8, "Workforce Participation," and explained that when employers can provide and subsidize child care, it makes it more possible for everyone to participate in the labor force and spend more money in the local economy. He restated that there is a disproportionality of the

impacts of the pandemic on women, which can be seen in the graphs on the slide.

CO-CHAIR FIELDS continued to slide 9, " Access to Child care in Alaska: McDowell Group Report," and explained that the McDowell Group conducted an extensive report on the impact of early care and learning in Alaska. He shared his understanding that this report made a commendable case that this is an area in which the state should invest.

CO-CHAIR FIELDS advanced to slide 10, "Employer Provided Financial Support: McDowell Group Report," and described some of the benefits of child care provided by an employer, including the convenience of being able to drop off children at work, the ability for parents to spend more time with their children at home, and increased quality of life. He stated that increasing the availability of child care would make Alaska more of a destination for "innovative, high-earning workers" and improve economic development.

CO-CHAIR FIELDS proceeded to slide 11, "Benefits to Employers: McDowell Group Report," and opined that there is nothing like high quality child care to persuade young parents to remain at their jobs. He reiterated that Alaska should give employers more opportunities to obtain these highly productive employees. He explained that this would also prevent women leaving the workforce to take care of children, thereby increasing the number of women in management positions.

[6:40:41 PM](#)

STEPHANIE BERGLUND, CEO, Thread Alaska, shared that Thread is a 35-year-old private, nonprofit that works across the state to increase access to affordable early care and education, with a specific focus on child care. She stated that Thread supports HB 121 and that she intends to share more information about child care that illustrates the importance of the proposed legislation. She continued that she has worked in early childhood sector for 15 years and has yet to meet a family who has been able to find and utilize child care that operates in a way that meets the price, access, and quality concerns of the family. This means that parents have fewer choices when it comes to child care, and this lack of choice can severely impact parents' time and productivity. She shared that even working in the early childhood sector herself, she has lost "great employees" due to lack of access to child care. She opined that

Alaska needs HB 121 for businesses to be able to support employees.

[6:42:53 PM](#)

MS. BERGLUND began a PowerPoint presentation [hard copy included in the committee packet]. She drew attention to slide 1, "There is a need for more supports for child care to support more families able to work," and explained that the statistics on the slide were compiled in 2019 and 2020 and represent pre-COVID-19 data. She paraphrased from the slide, and shared the statistic that more than 88,000 children in 54,000 households are in need of early childhood learning (ECL) services in Alaska. The primary benefit of this access as reported by adults in the home is that it allows the adults in the home to be employed. She shared that there is a large gap in demand for child care needs, and that only 60 percent of these houses have access to reliable child care services.

MS. BERGLUND proceeded to slide 2, "Access to early care & learning services is becoming increasingly difficult for Alaska families," and explained that for households with children in ECL services, 52 percent found it difficult or very difficult to find services, which is up from 37 percent since 2015. She shared that COVID-19 has made child care programs even more fragile than the programs were before. Operating costs have increased, and revenue has decreased, she said. This is due to families keeping children home due to safety, or to parents losing their jobs and no longer needing child care services or being able to afford it. She shared that while working from home is an option for some parents, parents have found it stressful to work and take care of children at the same time. She predicted that after the pandemic is over, there will be an increased demand for child care. She stated that HB 121 would help provide needed support to meet the demand.

[6:44:30 PM](#)

MS. BERGLUND moved to slide 3, "Child care is expensive and for many families not affordable," and said that working families carry the burden of both paying for and supporting the child care system. She opined that families should not have to choose between work and child care. In Alaska, child care costs more than tuition to a university and costs families 17 percent of household income on average. For single mothers, the cost is on average 34 percent of household income. She expressed that HB 121 would help families afford child care and likely allow

businesses to recruit additional employees that these businesses wouldn't currently be able to employ.

MS. BERGLUND continued to slide 4, "Child care services make a stable workforce possible," and explained that quality child care brings families peace of mind and allows parents to be more dependable and productive at work. She shared that in Alaska, 16 percent of residents are able to participate in the workforce because of access to child care. This has a large impact on Alaska's economy as these workers earn \$1.9 billion in wages. However, she opined that this number could be bigger, and said that 22 percent of households are not working or would like to work more, but are prevented from working at the household's preferred capacity due to lack of availability or cost of child care.

MS. BERGLUND moved to slide 5, "Businesses benefit from supporting employee child care needs," and explained that more than just parents benefit from increased access to child care. Children also benefit and are more prepared when they enter Kindergarten, making these children more successful in school and in life. She said that this makes for a more employable and prepared workforce when these children grow up. When child care is supported or subsidized by businesses, child care programs are able to pay the workforce more livable wages and offer benefits. As a result, she continued, this makes the sector a stronger and more consistent workforce that generates more in economic growth. She reported that many Alaska employers consider themselves to be family friendly, and 8 in 10 working parents report some support from employers related to child care needs. This indicates that the tax credit benefit proposed in HB 121 would be utilized. She shared that employers see better recruitment and retention of employees with more child care offered.

MS. BERGLUND continued that as a result of COVID-19, more employers are aware of the importance of child care. This conversation has been raised to a new level, she said, which makes the proposed bill well timed. She concluded that HB 121 would give more options to support employees and ultimately to support Alaska's economy. The bill would be beneficial for both employees and employers, and would be a "win-win-win" for businesses, families, and young children.

[6:49:10 PM](#)

REPRESENTATIVE NELSON asked Co-Chair Fields if he could talk about the potential fiscal impact on the state should HB 121 pass.

CO-CHAIR FIELDS responded that fiscal notes have been submitted and he deferred the question to testifiers online to explain the fiscal notes.

[6:50:12 PM](#)

LORI WING-HEIER, Director, Division of Insurance, Department of Commerce, Community & Economic Development (DCCED), responded that the division can't predict how many insurance companies would take advantage [of the tax credit proposed in the legislation], but that she can disclose that education tax credits have not been frequently utilized in Alaska in past years. She shared that the highest year on record was \$150,000 in 2015. She said that in 2016, it was \$975, in 2017, it was \$0, in 2018 it was \$500, in 2019 it was \$5,000, and in 2020 it was \$0. Education tax credits have not been widely used in the past, she reiterated, but credits might be utilized at a higher rate for child care. She stated that the division "doesn't have a handle" on how many companies would use this credit for child care.

[6:51:32 PM](#)

NICOLE REYNOLDS, Deputy Director, Tax Division, Department of Revenue (DOR), responded that DOR has submitted an indeterminate fiscal note because it doesn't have specific data to estimate how many tax payers will claim the expansion of the credit. Also, it is unclear how many employers currently pay the child care costs of employees. She stated that DOR can't estimate how many employers will start paying child care costs or making donations to child care facilities should this bill pass. She explained that since this information is not available, DOR can't give an estimate for the cost. She shared that for calendar year 2020, the education credit that was claimed as the statute is written now was about "\$4 million across the board" for all tax types to which it applied.

CO-CHAIR SPOHNHOLZ interjected that the education tax credit that Ms. Reynolds is referencing currently applies to higher education as well as Kindergarten through twelfth-grade, and HB 121 would expand the credit down to lower grades.

[6:53:22 PM](#)

REPRESENTATIVE NELSON asked Ms. Reynolds if she has an estimate of the amount of people who utilized the maximum amount of education credits.

MS. REYNOLDS answered that she doesn't have an estimate but can get back to the committee with that figure.

CO-CHAIR SPOHNHOLZ shared her understanding that these individuals mainly work in health care and oil and gas.

[6:53:54 PM](#)

REPRESENTATIVE NELSON shared that he is concerned about a provision in the fiscal note that he understands as meaning that "a credit for any taxpayer cannot exceed \$1 million across all tax types." He explained that he is fearful of the cost impact of this provision on the state. He asked Ms. Reynolds how many people hit the upper limit for educational credits.

MS. REYNOLDS responded that DOR would look into that and get back to him.

CO-CHAIR SPOHNHOLZ added that to her knowledge, there are only a few employers in Alaska that offer child care benefits to employees.

[6:55:01 PM](#)

REPRESENTATIVE SNYDER directed attention to a statistic on slide 4 of Ms. Berglund's presentation, "Child care services make a stable workforce possible," which read as follows [original punctuation provided]:

16% of Alaska's residents can participate in the workforce because of ECL services, earning a higher income and enjoying a higher standard of living.

REPRESENTATIVE SNYDER asked Ms. Berglund if the 16 percent figure is applicable to Alaska residents at any given time.

MS. BERGLUND responded yes, the data was collected in 2019 by the McDowell Group through a representative sample household survey across the state.

REPRESENTATIVE SNYDER asked if it would be fair to assume that while the survey found that 16 percent of residents at any time

are benefiting from ECL services, it could potentially become a much higher percentage of Alaska residents that would be able to benefit.

MS. BERGLUND replied yes, that is a safe assumption. She added that 16 percent is a consistent number and DOR has seen those numbers stay consistent over the years. She directed attention to another statistic on slide 4, which read as follows [original punctuation provided]:

1 in 5, or 22%, of Alaska's residents cannot fully participate in the labor force due to the cost, availability, or quality of ECL services.

MS. BERGLUND explained that Alaska residents want to be participating in the workforce with more access.

[6:57:57 PM](#)

CO-CHAIR SPOHNHOLZ shared her understanding that the reason the 16 percent figure is so low is because it only represents the precise moment in time that a child is young enough to qualify for ECL.

[6:58:18 PM](#)

REPRESENTATIVE KAUFMAN asked Ms. Berglund if all of the numbers in her presentation are Alaska-based statistics.

MS. BERGLUND responded yes, it is specific data collected by the McDowell Group in 2019 and 2020 on Alaskans. She reiterated that these numbers came from the survey the McDowell Group conducted in addition to labor and demographic statistics.

REPRESENTATIVE KAUFMAN asked if that information is available online.

MS. BERGLUND replied that DOR just provided an update in the last month and she would follow up to ensure the committee has that information.

[6:59:47 PM](#)

TRISTAN WALSH, Staff, Representative Zack Fields, Alaska State Legislature, on behalf of Representative Fields, prime sponsor of HB 121, shared that there is a link on the final page of Co-Chair Fields' presentation that leads to the McDowell Group

report. He said that he can ensure that committee members have access to the link.

[7:00:07 PM](#)

REPRESENTATIVE SCHRAGE asked if the employer child care benefit provided to a parent has to be a cash payment or whether it could be a voucher, a stipend, or something similar.

[7:00:33 PM](#)

EMILY NAUMAN, Legislative Legal Counsel, Legislative Legal and Research Services, Legislative Affairs Agency (LAA), shared that HB 121 simply refers to a payment and is not specific as to whether it would have to be a cash payment. She said that it would depend on the interpretation by DOR, but that she doesn't see a reason why it would be interpreted by DOR in a way that doesn't include a stipend.

[7:01:01 PM](#)

REPRESENTATIVE SCHRAGE asked if there is anything to prevent an employer from reclassifying regular wages already paid to employees as child care support in order to write off those wages.

[7:01:27 PM](#)

MS. REYNOLDS responded that DOR would need to implement some regulations to clarify which types of contributions qualify for the credit. She pointed out that there is no language in the bill that would limit the qualifying contribution to those incurred in Alaska or for Alaska child care facilities. She stated that DOR would like to see an amendment that reflects that stipulation to ensure that it is clear in statute that contributions need to be for Alaska child care facilities.

[7:03:18 PM](#)

CO-CHAIR FIELDS provided clarification that the intent of the proposed bill is to support both onsite child care and child care provided through a stipend. He shared his understanding that it should be easy to verify whether an employee is receiving a child care stipend.

[7:03:52 PM](#)

REPRESENTATIVE SCHRAGE expressed that he is "wildly" supportive of the proposed bill and that it is much needed. He said that he wants to make sure that working families see benefits and employers don't "gain the system."

7:04:14 PM

CO-CHAIR SPOHNHOLZ asked Ms. Reynold if she would view payments made to an employee as a child care stipend as taxable or non-taxable.

MS. REYNOLDS responded that a stipend provided to an employee would most likely be considered taxable income under federal law, but would not be considered taxable income under State of Alaska law since Alaska doesn't have an income tax.

7:05:11 PM

CO-CHAIR FIELDS offered his understanding that some employers that offer or subsidize child care presently might do so from the employer to the child care provider which would shield the employee from an additional tax burden.

CO-CHAIR SPOHNHOLZ agreed, and postulated that it might be useful to find out whether the federal government would tax a child care stipend paid for the benefit of an employee. She shared that it could be viewed as a means by which to compensate employees. She added that when her three children were young, she spent more on child care than on her mortgage each month, and that even a modest stipend for child care would've made a significant impact on her wellbeing. She referenced child care centers that BP, the University of Alaska (UA), and Providence Alaska Medical Center have made available for employees, and noted that many employers in Alaska are aware of the importance of child care to employees.

7:07:18 PM

CO-CHAIR SPOHNHOLZ stated that HB 121 was held over.
#

7:07:29 PM

The committee took a brief at-ease. [During the at-ease, Co-Chair Spohnholz handed the gavel to Co-Chair Fields.]

^#hb45

HB 45-WORKERS' COMP. AND CONTAGIOUS DISEASES

[7:08:18 PM](#)

CO-CHAIR FIELDS announced that the next order of business would be HOUSE BILL NO. 45, "An Act relating to presumption of compensability for workers' compensation claims related to contagious diseases; and providing for an effective date."

[7:09:09 PM](#)

The committee took an at-ease from 7:09 p.m. to 7:12 p.m.

[7:12:29 PM](#)

REPRESENTATIVE SCHRAGE moved to adopt the proposed committee substitute (CS) for HB 45, Version 32-LS0304\I, Marx, 3/16/21, as a working document.

[7:12:38 PM](#)

REPRESENTATIVE KAUFMAN objected.

[7:12:48 PM](#)

A roll call vote was taken. Representatives Spohnholz, Fields, Schrage, and Snyder voted in favor of adopting the CS for HB 45, Version 32-LS0304\I, Marx, 3/16/21, as a working document. Representatives Nelson, Kaufman, and McCarty voted against it. Therefore, by a vote of 4-3, the CS for HB 45, Version I, was before the House Labor and Commerce Standing Committee as a working document.

[7:13:57 PM](#)

The committee took a brief at-ease.

[7:14:30 PM](#)

REPRESENTATIVE NELSON asked Representative Josephson to explain the current workers' compensation pathways. He asked how a worker is meant to explain what happened to necessitate a claim and how a worker would move through the process to obtain compensation.

[7:15:12 PM](#)

REPRESENTATIVE ANDY JOSEPHSON, Alaska State Legislature, as prime sponsor of HB 45, responded that there is a report of harm that gets filed within 30 days of the incident. If it is not filed, the injured employee could file it administratively.

REPRESENTATIVE NELSON asked about the infectiousness of "this disease" and if [infections] were attributable to work conditions.

REPRESENTATIVE JOSEPHSON responded that it is attributable not in the same way that a trade injury would be, but that it is still attributable. He explained that the idea behind the bill is that there are essential workers that have been identified, which is a policy call, and these workers are "out there" working because of the essential nature of the work. The theory is that these workers are subject to more exposure than "the rest of us."

[7:17:14 PM](#)

REPRESENTATIVE KAUFMAN asked why the fiscal note would be zero.

REPRESENTATIVE JOSEPHSON responded that the fiscal note is zero because it represents "one agency speaking about what it knows," and in this case, the agency is the Department of Revenue (DOR). He deferred the question to his staff, and asked if DOR used the term "indeterminate" when referencing the DOR fiscal note.

[7:18:07 PM](#)

ELISE SORUM-BIRK, Staff, Representative Andy Josephson, Alaska State Legislature, on behalf of Representative Josephson, prime sponsor of HB 45, responded that the only fiscal note attached is the one from DOR, though it is possible that there will be more from the Department of Administration, Department of Corrections, or Department of Transportation & Public Facilities (DOTPF).

[7:18:46 PM](#)

REPRESENTATIVE NELSON noted the complexity of workers' compensation. He shared his understanding that currently, the employee has to prove that the employer did not provide a safe working environment to receive workers' compensation. If this bill were to pass, he shared his understanding that an employee would simply have to prove employment at a workplace during the

time the employee contracted the infection and the employee would receive compensation. He asked if this is correct.

REPRESENTATIVE JOSEPHSON responded that the second part of Representative Nelson's statement is correct, and the first part is less so. He explained that currently, employees are not required to prove that working conditions were unsafe to receive compensation. It is a "no fault" system and accidents happen, he said. Regarding the second part of Representative Nelson's question, he stated that it is correct that a worker would simply have to prove employment during the time of infection to receive compensation under the proposed legislation. He explained that this would be sufficient to create a burden.

REPRESENTATIVE NELSON asked if that proof is all an employee would need.

REPRESENTATIVE JOSEPHSON responded yes.

[7:20:15 PM](#)

REPRESENTATIVE SCHRAGE offered his understanding that the bill would be relevant only during a time when a disaster has been declared. He said that the bill would simply supply some benefit of the doubt to an employee who is providing an essential service during a disaster. He asked Representative Josephson if his understanding is correct.

REPRESENTATIVE JOSEPHSON responded that is correct.

[7:20:52 PM](#)

REPRESENTATIVE MCCARTY asked Representative Josephson whether he has "any numbers as to what ends up in liability lawsuits" and whether this could cause a rise in potential lawsuits to employers.

REPRESENTATIVE JOSEPHSON responded that there's no potentiality for that because an employer cannot sue in a personal injury action, or "tort". The only exception to this would be a situation where there's third party liability, he said. He shared that the whole system began at the turn of the 20th century with [Chancellor Otto von] Bismarck, an early champion of workers' compensation, and is not based on liability or fault, but is instead based on a contract called the "Great Bargain."

[7:22:34 PM](#)

CO-CHAIR FIELDS shared that the entire purpose of workers' compensation is to shield employers from tort liability.

[7:22:48 PM](#)

REPRESENTATIVE SCHRAGE moved to report CSHB 45, Version 32-LS0304\I, Marx, 3/16/21, out of committee with individual recommendations and the accompanying fiscal notes.

[7:23:00 PM](#)

REPRESENTATIVE NELSON objected.

[7:23:16 PM](#)

A roll call vote was taken. Representatives Schrage, Snyder, Spohnholz, and Fields voted in favor of the motion to move CSHB 45, Version 32-LS0304\I, Marx, 3/16/21, out of committee with individual recommendations and the accompanying fiscal notes. Representatives McCarty, Nelson, and Kaufman voted against it. Therefore, CSHB 45(L&C) was reported out of the House Labor and Commerce Committee by a vote of 4-3.

^#hb100

HB 100-EXTEND WORKFORCE INVEST BOARD ALLOCATIONS

[7:24:03 PM](#)

CO-CHAIR FIELDS announced that the final order of business would be a return to HOUSE BILL NO. 100, "An Act relating to allocations of funding for the Alaska Workforce Investment Board; and providing for an effective date."

[7:24:06 PM](#)

REPRESENTATIVE SCHRAGE moved to report HB 100 out of committee with individual recommendations and the accompanying fiscal notes. There being no objection, HB 100 was reported out of the House Labor and Commerce Standing Committee.

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[7:24:37 PM](#)

ADJOURNMENT

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 7:25 p.m.